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Hart Schaffner & Marx

Ninth Annual Report, November 30, 1919
with
Auditors' Certificate

Hart Schaffner & Marx

Chicago

New York

New York, January 26, 1920

To the Stockholders:

The Board of Directors herewith submits to you the financial statement of the Company for the fiscal year ending November 30, 1919, together with the report of the auditors, Messrs. Price, Waterhouse & Company, Certified Public Accountants.

The position of the Company is strong in every particular; ample provisions have been made for depreciation, reserves and every known liability. Liabilities represent only accrued payroll, merchandise recently received or in transit, and Federal and other taxes which, although included in current liabilities, are payable during 1920. There was no indebtedness for borrowed money at the end of the year. Profits, while larger than last year, are not in proportion to a large increase in volume; profit-making on the fall season was difficult owing to unanticipated wage advances. During the year, the Company made considerable additions of manufacturing space to take care of expanding business, and installed new equipment to the amount of \$318,000. The long-time policy of leasing space rather than investing the Company's capital in buildings and land has been adhered to.

Yours truly,

HARRY HART,
President

Auditors' Report

To the Stockholders of
Hart Schaffner & Marx

We have examined the books and accounts of Hart Schaffner & Marx for the fiscal year ending on November 30, 1919, and certify that the attached Balance Sheet and Income Account are correctly prepared therefrom.

The Merchandise and Materials on hand, as shown by Inventories certified by the responsible officials, have been valued at or below Cost, and liberal reserves have been made for Bad and Doubtful Accounts Receivable, Discounts and other contingencies. The Cash and Bank Balances have been verified by actual count or by certificates obtained from the depositaries, and we have satisfied ourselves that full provision has been made for all ascertained Liabilities; and

WE CERTIFY that, in our opinion, the Balance Sheet is properly drawn up and shows the true financial position of the Company on November 30, 1919, and the relative Income Account is a fair and correct statement of the Net Profits and Income for the year ending on that date.

PRICE, WATERHOUSE & CO.,

Certified Public Accountants

Chicago, January 26, 1920

Hart Schaffner & Marx

Balance Sheet, as at November 30, 1919

Assets

GOODWILL, TRADE NAMES AND TRADE MARKS.....		\$15,000,000.00
SHOP EQUIPMENT AND FIXTURES, INCLUDING OFFICE FURNITURE.....	\$836,570.05	
LESS—Depreciation Reserve	<u>350,053.36</u>	486,516.69
CURRENT ASSETS:		
Inventories of Materials and Finished and Partly Finished Merchandise on hand and in transit (at or below Cost, less Reserve).....	\$6,049,361.80	
Accounts and Bills Receivable (Net)	5,260,210.44	
Liberty Loan Bonds (Less Payments by Employees).....	700,943.21	
Cash in Banks and on Hand.....	<u>2,256,934.60</u>	14,267,450.05
DEFERRED CHARGES TO FUTURE OPERATIONS:		
Prepaid Insurance, Interest and Rent.....		138,860.92
		<u>\$29,892,827.66</u>

Liabilities

CAPITAL STOCK:		
7% Cumulative Preferred Stock—		
Originally Authorized and Issued—		
50,000 Shares of \$100.00 each.....	\$5,000,000.00	
LESS:		
Redeemed and Cancelled—16,685 Shares of \$100.00 each	\$1,668,500.00	
Purchased during the year and held in the Treasury for cancellation—175 Shares \$100.00 each	<u>17,500.00</u>	
		1,686,000.00
		<u>\$3,314,000.00</u>
Common Stock—		
Authorized and Issued—		
150,000 Shares of \$100.00 each.....	<u>15,000,000.00</u>	\$18,314,000.00
CURRENT LIABILITIES:		
Accounts Payable—Merchandise Received	\$2,284,591.21	
Accounts Payable—Merchandise in Transit.....	705,608.96	
Accrued Pay Rolls, Federal and Other Taxes Payable in 1920, etc., including Last Installment of Federal Taxes, Payable December 15, 1919.....	2,309,463.05	
Preferred Stock Dividend, Payable Dec. 31, 1919.....	<u>57,995.00</u>	5,357,658.22
RESERVE FUNDS:		
Preferred Stock Redemption Fund.....	\$1,686,000.00	
Reserve for Contingencies.....	<u>+50,000.00</u>	2,136,000.00
		4,085,169.44
SURPLUS, as per Statement attached.....		<u>\$29,892,827.66</u>

Income and Surplus Account For the Year Ending November 30, 1919

Profits for the year after deducting Manufacturing, Marketing and Administrative expenses, Allowance for Depreciation of Equipment and Federal Income and War Excess Profits Taxes.....	\$2,132,927.83
ADD—Interest Received, less Interest Paid.....	<u>67,291.03</u>
Net Profits and Income for the year.....	2,200,218.86
ADD—Balance of Surplus at December 1, 1918.....	<u>3,035,259.33</u>
Together	\$5,235,478.19
DEDUCT—Appropriations therefrom:	
Dividends paid and declared—	
Preferred Stock, 7% per annum.....	\$232,689.04
Common Stock, 4% per annum.....	<u>600,000.00</u>
	\$832,689.04
Preferred Stock Redemption Fund.....	17,500.00
Premiums on Preferred Stock purchased.....	119.71
Addition to Reserve for Contingencies.....	<u>300,000.00</u>
	1,150,308.75
Total Unappropriated Surplus at November 30, 1919, as per Balance Sheet.....	<u>\$4,085,169.44</u>